

The Economic Importance of Tourism in Hungary

According to the data based on the simulated tourism satellite account (TSA) of the World Travel & Tourism Council (WTTC), in 2002 tourism generated 1222.4 billion USD of economic activity worldwide, and 67.4 million people were directly employed in tourism.

Examining the indirect role of tourism in the economy, i.e. taking into account all the economic effects generated by the sector, in 2002 tourism contributed 3342.4 billion USD and 191.8 million jobs to world economic activity.

In the European Union, the contribution of tourism to economic activity exceeds the world average.

In Hungary, the direct role of tourism in the economy – both the contribution to GDP and on the basis of the proportion of those employed – is greater than either worldwide or in the European Union. In 2002 in Hungary the tourist sector provided 4.9% (796.0 bn HUF) of GDP in Hungary, and 6.2% of those employed (241.8 thousand people) worked in tourism, according to WTTC data.

Taking into account the multiplier effect, in 2002 tourism contributed 1666.9 bn HUF (10.3% of GDP) to the performance of the Hungarian economy, and 390.1 thousand jobs (10% of those employed) (table 1).

Table 1

Contribution of Tourism to Major Economic Indicators in 1998¹ and 2002 (%)

	World		European Union		Central and Eastern Europe ²		Hungary	
	1998	2002	1998	2002	1998	2002	1998	2002
GDP (direct)	4.0	3.7	4.4	4.2	2.2	2.0	6.0	4.9
GDP (indirect)	10.7	10.2	11.8	11.5	8.0	7.6	11.5	10.3
Employment (direct)	2.9	2.7	4.7	4.5	1.5	1.5	5.6	6.2
Employment (indirect)	7.8	7.6	12.9	12.6	5.9	5.7	12.2	10.0
Government expenditures	3.8	3.9	3.2	3.2	2.7	2.4	4.9	5.1
Capital Investments	9.3	9.5	9.7	10.4	9.2	7.8	6.9	6.9

Source: WTTC

¹ WTTC data are available from 1998.

² Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania, Slovakia, Slovenia, and member states of the former Soviet Union



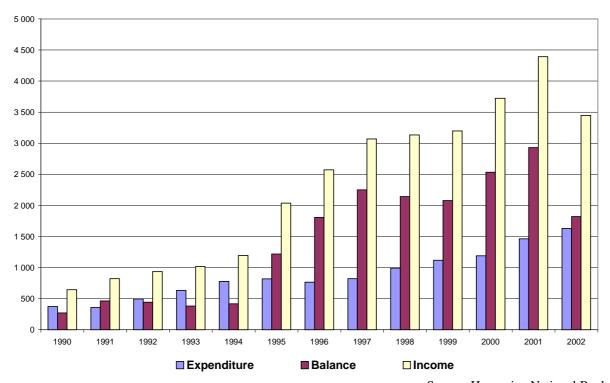
According to the data of the balance of payment of the Hungarian National Bank, between 1990 and 2002³ Hungary's tourism foreign currency balance showed a positive balance and a gradual increase, making an important contribution to the reduction of the foreign trade deficit.

Between 1995 and 2002 foreign currency income arising from tourism rose from 2038 million euros to 3448 million euros (an average growth of 8.0% p.a.), and foreign currency expenditure linked to tourism increased from 819 million euros to 1819 million euros (an average growth of 12.1% p.a.). As a consequence of the income rising more than the expenditure, the foreign currency balance for the tourism sector was in the black, and rose by an average of 4.3% p.a., reaching 1629 million euros in 2002. This meant that tourism surplus covered 73.9% of the foreign trade deficit (figure 1).

Figure 1

The foreign currency balance of the tourism sector in Hungary, 1990-2002

(in millions of euros)



Source: Hungarian National Bank

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³ In 1998 the Hungarian National Bank changed the methodology of calculation foreign currency income and expenditure for tourism. The HNB corrected its data back to 1995 according to the new methodology.